

Department of Finance

Analyst: Swanson

Historical Summary

OPERATING BUDGET	FY 2006 Total App	FY 2006 Actual	FY 2007 Approp	FY 2008 Request	FY 2008 Gov Rec
BY FUND CATEGORY					
Dedicated	4,349,300	4,345,100	4,805,200	5,172,100	5,031,200
Percent Change:		(0.1%)	10.6%	7.6%	4.7%
BY OBJECT OF EXPENDITURE					
Personnel Costs	3,522,200	3,433,800	3,414,500	3,687,700	3,565,800
Operating Expenditures	745,600	819,500	1,258,700	1,378,500	1,365,900
Capital Outlay	81,500	91,800	132,000	105,900	99,500
Total:	4,349,300	4,345,100	4,805,200	5,172,100	5,031,200
Full-Time Positions (FTP)	51.00	51.00	51.00	53.00	51.00

Department Description

Originally created by the State Legislature in 1905, the Department of Finance is a regulatory agency charged with the supervision and oversight of state-chartered financial institutions, regulated lenders, securities issuers, broker-dealers and stockbrokers, residential mortgage brokers and lenders, investment advisers and sales personnel, collection agencies, endowed care cemeteries, and others.

The mission of the department is to aggressively promote access to vigorous, healthy and comprehensive financial services for Idaho citizens. This is accomplished through prudent and efficient oversight of financial institutions, investment opportunities, and credit transactions. Through administration of laws enacted by the Idaho Legislature, legitimate financial transactions are encouraged, while fraud, unsafe practices, and unlawful conduct are detected and appropriate enforcement action is taken. The department administers and enforces 22 regulatory statutes and is funded entirely by fees levied by law on the industries subject to its supervision.

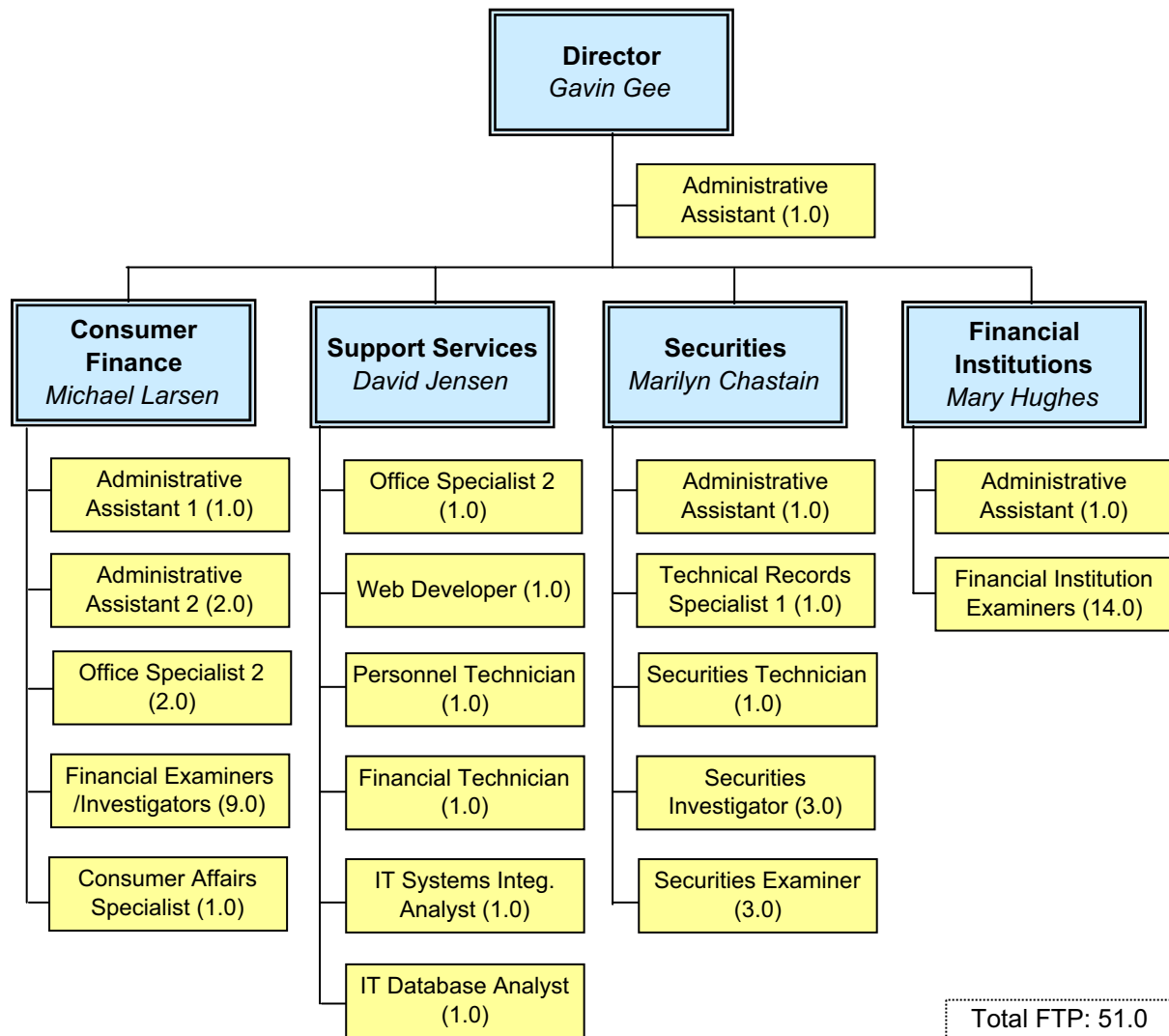
[Statutory Authority: Idaho Code §67-2701 et seq.]

Department of Finance

Agency Profile

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Organizational Chart



Sources/Uses of Funds

State Regulatory Fund: Derived from examination or investigation fees, assessment fees, filing fees, license/permit/notification fees and forfeiture fees paid by regulated industries.

FY 2007 Original Appropriation
\$4,805,200

Department of Finance

Agency Profile

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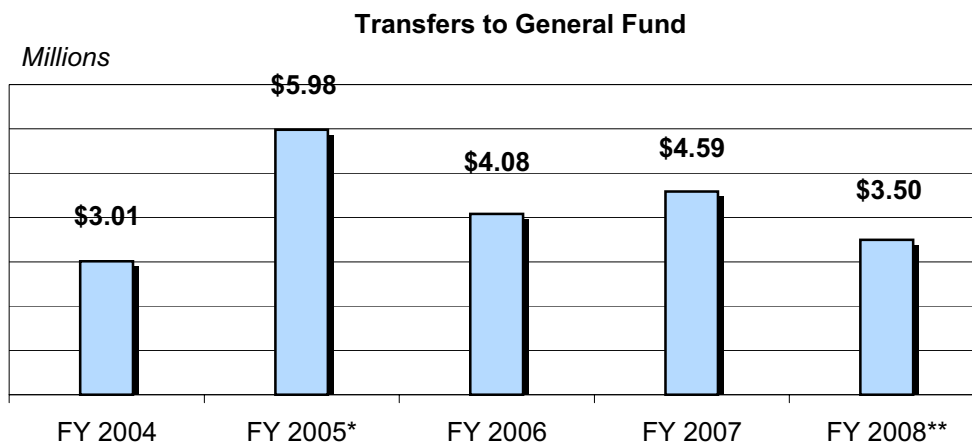
Selected Measures

CASE MANAGEMENT/SERVICES PROVIDED	FY 2003	FY 2004	FY 2005	FY 2006
Financial Institutions Examined				
Banks	31	32	23	25
Savings Banks	1	1	0	0
Credit Unions	29	39	39	32
Collection Agencies	43	41	30	32
Licenses Issued				
Money Transmitters	42	42	44	44
Consumer Credit Lenders	2,730	2,931	3,175	1,875*
Collection Agencies (Permit Renewals)	480	536	564	608
Solicitors/Collectors	43,253	47,244	61,914**	46,466
Securities Brokers/Dealers	1,480	1,520	1,522	1,524
Securities Salesmen Agents	56,480	59,262	63,102	67,459
Securities Investment Advisors	639	672	740	815
Securities Investment Advisor Agents	1,007	1,154	1,336	1,513
Residential Mortgage Brokers/Lenders	1,372	1,541	1,586	1,857
Mortgage Loan Originators	N/A	N/A	N/A	3,920***

*Decreased due to deregulation of "sellers" under the Idaho Credit Code (2006 law amendments).
 **Fluctuation due to database reporting error (no impact on fee collection).
 ***Loan originator licensing was implemented January 1, 2006.

GENERAL FUND TRANSFERS

At the beginning of each fiscal year, those moneys in the finance administration account which exceed the current year's appropriation plus any residual encumbrances made against the prior year's appropriations by twenty-five percent (25%) or more shall be transferred to the general fund. Section 67-2702(2)(f), Idaho Code.



*In FY 2004, significant fines were received as Idaho's share in the nationwide settlement of securities actions against nine large brokerage firms. The receipt of these fines is reflected in FY 2005 General Fund transfer.

**Estimated, based on projected revenues and expenses.

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2007 Original Appropriation	51.00	0	4,805,200	51.00	0	4,805,200
Removal of One-Time Expenditures	0.00	0	(198,800)	0.00	0	(198,800)
FY 2008 Base	51.00	0	4,606,400	51.00	0	4,606,400
Benefit Costs	0.00	0	74,900	0.00	0	0
Inflationary Adjustments	0.00	0	7,600	0.00	0	0
Replacement Items	0.00	0	124,800	0.00	0	124,800
Statewide Cost Allocation	0.00	0	127,200	0.00	0	127,200
Change in Employee Compensation	0.00	0	105,900	0.00	0	151,300
FY 2008 Program Maintenance	51.00	0	5,046,800	51.00	0	5,009,700
1. Additional Office Space	0.00	0	21,500	0.00	0	21,500
2. Office Specialist - Financial Institutions	1.00	0	37,500	0.00	0	0
3. Securities Examiner	1.00	0	66,300	0.00	0	0
FY 2008 Total	53.00	0	5,172,100	51.00	0	5,031,200
Change from Original Appropriation	2.00	0	366,900	0.00	0	226,000
% Change from Original Appropriation			7.6%			4.7%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2007 Original Appropriation	51.00	0	4,805,200	0	4,805,200

Removal of One-Time Expenditures

Removes \$66,800 in operating expenditures and \$132,000 in capital outlay provided for replacement items, moving costs, and other one-time expenditures.

Agency Request	0.00	0	(198,800)	0	(198,800)
Governor's Recommendation	0.00	0	(198,800)	0	(198,800)

FY 2008 Base					
Agency Request	51.00	0	4,606,400	0	4,606,400
Governor's Recommendation	51.00	0	4,606,400	0	4,606,400

Benefit Costs

Restores funding for premium holidays taken in FY 2007 estimated at \$865 per employee. Also includes the employer-paid portion of estimated changes in employee benefit costs including \$350 per employee for health insurance.

Agency Request	0.00	0	74,900	0	74,900
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The Governor recommends that all health insurance related adjustments be funded by program changes or utilizing reserves available in the group insurance contract. As the PERSI Board voted to maintain the current contribution rate for the upcoming fiscal year, no adjustment to retirement rates is necessary.

Governor's Recommendation	0.00	0	0	0	0
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Inflationary Adjustments

This customized inflationary adjustment is a 0.64% increase over base operating expenditures. It is calculated by subtracting statewide allocation plan and rental costs and applying a 1.81% increase for all remaining operating costs. The department's office space rental costs are not scheduled to increase until 2011.

Agency Request	0.00	0	7,600	0	7,600
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Inflationary increases are provided only for contractual obligations such as leased space costs. Other inflationary requests are not recommended.

Governor's Recommendation	0.00	0	0	0	0
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Replacement Items

Replacement capital outlay includes: 18 laptop computers (\$2,000 each/\$36,000 total); network storage (\$9,500); office security system components (\$6,000); miscellaneous computer equipment (\$26,000); and one vehicle (\$22,000).

Replacement operating expenditures include: software maintenance subscriptions (\$8,000); laptop and IT security software and training materials (\$14,100); training on phone system previously managed by Department of Insurance (\$1,200); and printer cleaning and maintenance (\$2,000).

Agency Request	0.00	0	124,800	0	124,800
Governor's Recommendation	0.00	0	124,800	0	124,800

Statewide Cost Allocation

This decision unit includes adjustments for services provided by state agencies as follow: increases of \$123,800 for Attorney General fees, \$3,500 for State Controller fees, and \$100 for property and casualty insurance premiums; and a decrease of \$200 for State Treasurer fees.

Agency Request	0.00	0	127,200	0	127,200
Governor's Recommendation	0.00	0	127,200	0	127,200

Change in Employee Compensation

Reflects the calculated cost of a 3.5% salary increase for permanent and group positions.

Agency Request	0.00	0	105,900	0	105,900
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The Governor recommends a compensation increase of 5% to be distributed based on merit.

Governor's Recommendation	0.00	0	151,300	0	151,300
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FY 2008 Program Maintenance					
Agency Request	51.00	0	5,046,800	0	5,046,800
Governor's Recommendation	51.00	0	5,009,700	0	5,009,700

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
1. Additional Office Space					
The Department of Finance is requesting \$21,500 in ongoing operating expenditures to cover the cost of leasing additional office space. The additional space is required under the lease agreement signed when the department completed the office move that was authorized for FY 2007 and is needed to allow the department to comply with building codes and to allow room for modest expansion in the future.					
Agency Request	0.00	0	21,500	0	21,500
Governor's Recommendation	0.00	0	21,500	0	21,500
2. Office Specialist - Financial Institutions					
The Department of Finance is requesting \$34,300 in ongoing personnel costs and \$3,200 in one-time capital outlay for an office specialist to address workload increases related to regulatory oversight of the state's depository financial institutions. The department states that since 2000, the number of entities under supervision of the Financial Institutions Bureau has increased by 25% and the value of assets overseen by the bureau has increased by 67%. The department believes that adding this position will allow the bureau to provide customer service in a more timely manner.					
Agency Request	1.00	0	37,500	0	37,500
Not recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0
3. Securities Examiner					
The Department of Finance is requesting funding for one new securities examiner position. The Securities Bureau has operated with three security examiners since 1988 and the department claims that there has been a significant increase in the quantity and complexity of work handled by the bureau since that time and that additional staffing will allow the bureau to complete the number of examinations that are required to detect fraud or improper practices by the regulated industry. The request includes \$58,100 in ongoing personnel costs and one-time funding of \$5,000 in operating expenditures for travel and training and \$3,200 in capital outlay for a computer and office furniture.					
Agency Request	1.00	0	66,300	0	66,300
Not recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0
FY 2008 Total					
Agency Request	53.00	0	5,172,100	0	5,172,100
Governor's Recommendation	51.00	0	5,031,200	0	5,031,200
Agency Request					
Change from Original App	2.00	0	366,900	0	366,900
% Change from Original App	3.9%		7.6%		7.6%
Governor's Recommendation					
Change from Original App	0.00	0	226,000	0	226,000
% Change from Original App	0.0%		4.7%		4.7%